Value Added Elements According to Buyer Companies in a B2B Context

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Abstract

This paper analyses how buyer companies perceive the value added to products and services offered by their suppliers and identifies the predominant elements that affect purchasing decisions and establishment of relationships between companies in a B2B context. A multiple case study was developed in 12 buyer companies from three industrial segments in southern Brazil: metal-mechanics, furniture and foods. The findings show that for supplier companies in the metal-mechanics industry to add value, they must identify buyers’ needs, develop technology/innovation, be focused on competitive aspects, keep control of the supply chain, provide different purchasing channels, develop partnerships, and adapt to cultural aspects. Companies in the food industry consider the model for creating value to adapt to meet customer needs, the effective use of purchasing channels, functionality of products, and technical knowledge. The companies in the furniture industry value the methods that suppliers use to capture and implement required changes, effective control of the supply chain, and the representativeness of the suppliers’ brand in the market. This study captures the perception of buyer companies in relation to predominant value-adding elements and could guide decisions for the adoption of managerial actions by supplier companies focused on adding value.

Key words: value added; relationships; B2B; competitiveness.
Introduction

Value adding may be associated with the perception of value and the development of relationships between buyers and sellers/vendors (Aspara & Tikkanen, 2013; Biggemann & Buttle, 2012; Hansen, Beitelspacher, & Deitz, 2013). This relationship, over the business cycle, has been cited as the essential element to buyer satisfaction (Hansen et al., 2013). It is desirable, however, that buyer/supplier interactions in a business-to-business (B2B) context be considered over the long term (Lindgreen, 2012). The mutual dependency of suppliers and buyers has been increasing (Nordin & Kowalkowski, 2010) due to the technological complexity and the level of specialisation to mutually add value (Jacob & Ulaga, 2008).

Studies conducted in B2B contexts seek to understand the manner and dynamics of relationships as an opportunity to enhance the companies’ competitiveness and improve the process of value creation (Corsaro, Ramos, Henneberg, & Naudé, 2012; Möller, 2013; Vargo & Lusch, 2011). In terms of opportunity, Cassia and Magno (2015) highlight that emerging countries are generating a wide range of opportunities for B2B relationships. The authors mention that scientific studies on this context (B2B) should be reinforced since most of the research focuses mainly on business-to-consumer industries. Therefore, becoming familiar with the sales processes developed by the customer-driven supplier companies may represent an opportunity to add value (Singh & Koshy, 2011). Research conducted from the perspective of supplier companies seeks to better understand how those companies develop, perceive and deliver value to meet the needs of customers and markets (Mele, 2011; Smals & Smits, 2012).

There are studies focused on buyer companies analysing how value is perceived by those companies (Lindgreen, Hingley, Grant, & Morgan, 2012). The same authors propose three phases associated with the value adding process: analysis, creation and delivery of value. In addition, the manner in which the buyer companies located in a developing country perceive value addition is questioned (Singh & Koshy, 2011). Emerging countries play a significant role in the world economy (Samake & Yang, 2014). The fact that most of the research on how buyer companies perceive value has been conducted in developed countries, where cultural aspects regarding the perception of value may differ from those found in emerging countries, should not be overlooked (Flint, Blocker, & Boutin, 2011; Hultén, 2012; Smals & Smits, 2012; Sullivan, Peterson, & Krishnan, 2012).

This paper analyses how buyer companies perceive the value added to products and services offered by their suppliers and identifies the predominant elements that affect the purchasing decisions and establishment of relationships between companies in a B2B context. A multiple case study was conducted in four companies in each of the following industries: furniture, metal-mechanics and food. The companies are located in southern Brazil and provide a variety of products (e.g., aluminum doors, gear motor reducers, frozen food, furniture for homes, business and hotels).

In academic terms, this research intends to organise a framework of value-adding elements in a B2B context built from the investigated literature. In managerial terms, the purpose is to indicate to suppliers possible aspects to be considered by the purchasing companies in order to guide the suppliers’ actions for leveraging the value adding process.

Next, the theoretical background regarding the value added in B2B relationships is presented. Thereafter, the research methodology, findings, analyses, and conclusions are presented.
Theoretical Framework

The B2B context

Research on B2B contexts have been linked to market strategies and are characterised as such when a corporate customer seeks a product or service from a supplier company (Chen, 2013). In this context, identifying potential suppliers expressing quality and trust is a challenge for organisations (Chen, 2013; Quintens, Pauwels, & Matthyssens, 2006).

Business interactions may begin with simple transactions and evolve into the interdependence between a buyer and seller, attaining loyalty-based relationships according to the performance of the products and services offered (Williams, Khan, Ashill, & Naumann, 2011). Industrial markets may move from dependence on one of the market forces to a situation where strategic alliances are formed between the companies (Roberts & Merrilees, 2007; Williams et al., 2011).

Most industrial buyers incur additional administrative costs and become more dependent on the supplier to achieve a higher degree of competitiveness and incremental improvements in products and services. The buyer, in turn, benefits from the quality, reliability and additional services with increased relationship prospects and long-term partnerships (Roberts & Merrilees, 2007; Williams et al., 2011). Also, in the perspective of a buyer-seller context, the value creation process can consider the offer of superior customer value, the core competencies of companies, and development of relationships (Ulaga, 2001).

Besides that, Ulaga (2003) comments that the development of relationships is an important way to add value along the partner network and cannot be ignored. In general, corporate customers require that suppliers take actions that will enable them to add value to the products they sell, to establish partnerships, and to build strategic alliances (Doorn, 2008; Williams et al., 2011). However, this approach is limited because the main traditional aspects focus predominantly on goods-dominant logic and the conceptualization of a value creation process is mostly based on the final consumer (Vargo & Lusch, 2011). For these reasons, it is important to better understand the process of value adding through a business marketing point-of-view.

Business marketing and value adding

Offering new products and services that suitably meet market demands, as well as transforming businesses and providing new ways of competing in the global markets, are the primary strategies of organisations (Lubik, Lim, Platts, & Minshall, 2013). In this regard, the dynamic of business competitiveness may represent improvements perceived by the buyers (Ghosh, Gupta, Datta, & Mukerjee, 2010) and is an opportunity to create value for partner firms in a buyer-seller context (Walter, Ritter, & Gemünden, 2001). Organisational competitiveness, in turn, provides the advantage for new business processes and access to new markets through differentiated products and services (Hsieh & Tidd, 2012).

Understanding the opportunities and the characteristics that are important to creating value in a B2B context may contribute to leveraging the competitiveness of companies. By considering the dynamics of the business environment, value may be characterised both as economic benefits as well as commercial, technical and service benefits that a customer receives in exchange for the economic value paid (Brady, Davies, & Gann, 2005). Value adding may represent the combinations of products and services added that generate exclusive benefits for the buyers (Brady et al., 2005).

Adding value may be understood as a process comprising three phases: analysis, creation and delivery of value (Lindgreen et al., 2012). That the relationships developed over these phases may contribute to improving the understanding of this process in an industrial environment is noteworthy (Corsaro & Snehota, 2010). Adding value to manufactured products presents a viable strategy for
enhancing companies’ competitiveness (Lindgreen et al., 2012). Next, the value adding constructs and their respective elements are presented according to the literature investigated.

**Analysis and value creation**

The term creation of value and the expression value creation process are utilised from the customer’s perspective because the customers are viewed as receivers of value from the resources they have obtained (Flint et al., 2011). The value may be conceived in terms of consequences of the cost-benefit that occurs in the relationships between the parties involved (Corsaro & Snehota, 2010; Pinnington & Scanlon, 2009). The analysis and the creation of value represent companies’ ability to mobilise, coordinate and develop their products/services in such a way as to exceed the requisites delivered to buyers (Lindgreen et al., 2012).

When negotiating the supply of raw materials, suppliers often become involved in extensive personal interaction with customers, actively influencing the value process in place (Grönroos, 2011). To capture aspects capable of generating value, companies establish engineering and development departments to identify product features that render them competitive and desirable to customers (Aho & Uden, 2013; Lindgreen et al., 2012). Another strategy is to develop families of products offering variety and product customisation (Sudarsan, Fenves, Sriram, & Wang, 2005). Such a strategy enables companies to better diversify the products they offer and to develop mechanisms to capture the features that add value to customers (Matthyssens, Vandenbempt, & Goubau, 2009). Capturing value remains a long-term strategy for these companies. Suppliers seek new ways to identify value in their industries to further develop their products (Aspara & Tikkanen, 2013; Matthyssens et al., 2009).

When companies establish marketing strategies for their products/services, they often plan value creation using a long-term view (Danese, 2013). Partnering with other companies becomes relevant to enhance the ability to respond to and meet customer expectations (Gunasekaran, Lai, & Cheng, 2008). IT (Information Technology) provides support to and facilitates the integration of companies. In addition, IT resources may contribute to the development of coordination and leverage the participation in problem-solving activities (Sheu, Yen, & Chae, 2006) by optimising information flow, which helps to better coordinate required activities and integrates operating data and information (Prajogo & Olhager, 2012). Data shared by companies may be used as a fulcrum to leverage the engineering, manufacturing and distribution of products with improved agility and increased competitiveness. Such aspects should induce a higher degree of efficiency in production at lower operating costs (Pan & Nagi, 2013).

Developing solutions for customer needs in partnership with suppliers is essential to being competitive in the market. The solutions should focus on the creation of value through services to ensure the solution will create customer satisfaction for the services delivered. The services provided may be customised to meet individual customer needs (Zhang, Kosaka, Shirahada, & Yabutani, 2012). For service companies, the creation and maintenance of value is a competitive strategy focused on the quality of the services delivered and customer satisfaction (Vargo, Maglio, & Akaka, 2008).

**Value delivery**

Delivering value to buyers is considered a core strategy in order to achieve customer loyalty (Park, Park, & Dessouky, 2013). The delivery of value is often linked to product and service combinations that create exclusive benefits for each customer (Brady et al., 2005). For buyers, more expensive products and services should incorporate the offer of greater and better benefits (Sharma & Iyer, 2011).

In this sense Ulaga (2001) points out that the delivery of value is subdivided in three sub-processes considering product, technology, and customer delivery. Because of this, it is important that suppliers pay attention to strategic factors such as the quality and the effectiveness of a supply chain well-suited to meet buyers’ needs, the development of suitable purchasing channels, and the exchange of
information and communication between companies (Biggemann & Buttle, 2012; Kashyap & Sivadas, 2012; Ketchen et al., 2008). However, the perception buyers have about value can influence the processes for delivery of value to improve the satisfaction (Eggert & Ulaga, 2002).

**Value perception**

Value perception is also a relevant factor from the buyers’ perspective (Sharma & Iyer, 2011). Perceived value can be measured by satisfaction and is usable as strategic orientation for suppliers (Eggert & Ulaga, 2002). Value may be present when a buyer obtains quality from suppliers and such quality is experienced by the buyer (Flint et al., 2011). Similarly, value perception may have a connection with the brand. The value attributed to the brand is a concept developed in the 1980’s to designate the value added to the product by the brand itself (Leek & Christodoulides, 2012). Brand value can be examined from two perspectives: (a) the benefit provided; and (b) the value that the brand may represent to the customer or the company (Cleveland, Erdoğan, Arıkan, & Poyraz, 2011; Leek & Christodoulides, 2012).

Value perception may impact customer loyalty. Loyalty, in turn, may have a direct relation with the brand. The psychological element of brand loyalty contributes to attitudes and purchasing behaviour (Ehrenberg, Uncles, & Goodhardt, 2004).

Another aspect is linked with the quality perceived by the buyer in connection with a product or service and represents an opportunity for the development of partnerships between the buyer and the supplier (Srinivasan, Mukherjee, & Gaur, 2011). For buyers, there are cognitive definitions of perceived value where value represents a trade-off between benefits and sacrifices (Sánchez-Fernández & Iniesta-Bonillo, 2009). However, when a customer decides what to buy, consideration is given to the lower price offered by the suppliers of products, equipment and services, as well as to personal benefits, the absence of problems and the form of relationship developed by suppliers (Lindgreen et al., 2012). Determining how value is perceived by their customers helps suppliers develop innovative products and services (Lindgreen et al., 2012).

**Relationship**

The manner in which relationships are formed and managed may influence buyer’s trust (Nguyen & Mutum, 2012). Satisfied, well-served customers are less prone to seek other suppliers (Flint et al., 2011). Adding value through relationships is a marketing concern (Aarikka-Stenroos & Jaakkola, 2012). The reasons companies want to build relationships are linked with the value that such relationships may generate (Biggemann & Buttle, 2012) as well as with gaining benefits associated with the reduction of operating costs such as benefits resulting from the retention of lucrative customers (Ritter & Walter, 2012). In these circumstances, one perceives that the perception of value in business relationships is considerably complex (Corsaro & Snehota, 2010; Ulaga, 2003). The buying process involves people and frequently, mutual benefits are considered (Hansen et al., 2013).

The relationship, as a value construct, can represent the strategic form to expand business and customer interactions along the network, linked with efficiency and effectiveness functions (Ulaga, 2003). Furthermore, the relationship with the buyers refers to the way that activities are carried out and to the resources employed by the companies. It is important to analyse how much the customer contributes to the relationship and to the business partnership as a whole (Walter et al., 2001). It has been noted that cultural aspects may interfere with the value adding process (the regional characteristics of the supplier company, the culture and the alignment with the buyer in terms of customary practices), as well as personal aspects (empathy and how the service is provided) and the supplier’s degree of
knowledge regarding their products and/or services offered (Dorai & Varshney, 2012; Haas, Snehota, & Corsaro, 2012; O’Cass & Ngo, 2012; Vargo et al., 2008).

However, the possibility of existing barriers in purchasing processes may interfere with the desired outcome and influence perceptions of value or make it more difficult to add value through the development of business relationships between companies (Lindgreen, Hingley, & Antioco, 2011). The barriers to relationships that will influence the satisfaction of customers and their retention may be associated with the following: lack of efficacious communication between the supplier and the buyer, lack of knowledge regarding the products and services offered by the supplier, the manner in which the customer is served, and difficulties in the cultural alignment of the supplier and the customer (Ranaweera & Prabhu, 2003). These reasons can interfere with the performance and quality of services and products (Song, Su, Liu, & Wang, 2012), possibly compromising the corporate image.

Conceptual synthesis

To sum up the literature review, the elements identified as adding value in a B2B context were grouped by constructs according to the theoretical framework presented, namely: (a) analysis and value creation, (b) value delivery, (c) value perception, and (d) relationship. In order to clarify the concepts, Table 1 presents the structure utilised in the paper to substantiate the study and shows each construct with their respective elements and definitions as well the main authors investigated.

Table 1

<table>
<thead>
<tr>
<th>Construct</th>
<th>Element</th>
<th>Definition</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis and value creation</td>
<td>Strategy and life cycle</td>
<td>Refers to the strategies adopted by supplier companies to identify value to products and services.</td>
<td>Dorai and Varshney (2012). Kindström, Kowalkowski and Nordin (2012).</td>
</tr>
<tr>
<td></td>
<td>Model creation</td>
<td>Represents the model and policies adopted by suppliers to create value as a means to capture customer needs more effectively.</td>
<td>Lindgreen, Hingley, Grant, and Morgan (2012).</td>
</tr>
<tr>
<td></td>
<td>Technology and innovation</td>
<td>Comprises the new technologies adopted and innovation developed by the suppliers.</td>
<td>Pan and Nagi (2013).</td>
</tr>
<tr>
<td></td>
<td>Competitive aspects</td>
<td>Competitive aspects for reducing operating costs and increasing customer satisfaction.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service</td>
<td>Represents the extra services that are offered.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Purchasing channels</td>
<td>The purchasing channels utilised.</td>
<td></td>
</tr>
</tbody>
</table>

Continues
Table 1 (continued)

<table>
<thead>
<tr>
<th>Construct</th>
<th>Element</th>
<th>Definition</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value perception</td>
<td>Brand</td>
<td>Considers the supplier’s brand as a value adding element.</td>
<td>Sharma and Iyer (2011)</td>
</tr>
<tr>
<td></td>
<td>Loyalty</td>
<td>Comprises customer loyalty as a differentiating aspect.</td>
<td>Leek and Christodoulides (2012).</td>
</tr>
<tr>
<td></td>
<td>Perceived quality</td>
<td>Represents the quality perceived by the buyer with regard to the products and services acquired.</td>
<td>Glynn (2012).</td>
</tr>
<tr>
<td></td>
<td>Relationship</td>
<td></td>
<td>Cleveland, Erdoğan, Arıkan and Poyraz (2011).</td>
</tr>
<tr>
<td></td>
<td>Personal aspects</td>
<td>Reflects the supplier’s empathy as an aspect to make a purchase.</td>
<td>Sharma and Iyer (2011).</td>
</tr>
<tr>
<td></td>
<td>Trust</td>
<td>Relates to the buyer’s trust in the supplier.</td>
<td>Flint, Blocker and Boutin (2011).</td>
</tr>
<tr>
<td></td>
<td>Forms of relationship</td>
<td>Comprises the forms of relationship developed between the supplier and the buyer.</td>
<td>Aarikka-Stenroos and Jaakkola (2012).</td>
</tr>
<tr>
<td></td>
<td>Cooperation/Partnering</td>
<td>Represents the cooperation and partnerships developed by the suppliers within relationships.</td>
<td>Dorai and Varshney (2012).</td>
</tr>
<tr>
<td></td>
<td>Knowledge</td>
<td>The technical supplier’s knowledge regarding the products and services offered.</td>
<td>Haas, Snehota and Corsaro (2012).</td>
</tr>
<tr>
<td></td>
<td>Cultural aspects</td>
<td></td>
<td>Vargo, Maglio and Akaka (2008).</td>
</tr>
<tr>
<td></td>
<td>Barriers</td>
<td></td>
<td>Ritter and Walter (2012).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The technical supplier’s knowledge regarding the products and services offered.</td>
<td>Corsaro and Snehota (2010).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Considers the regional characteristics of the suppliers and the culture that this has developed.</td>
<td>Lindgreen (2012).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Considers that the absence of elements for the development of relationships can hinder the value adding process.</td>
<td></td>
</tr>
</tbody>
</table>

Methodological Procedures

From the buyers’ view, the value adding process presents an opportunity to rate the competitiveness of companies (Geiger et al., 2012; Hallikas, Kulha, & Lintukangas, 2013; Hultén, 2012). The analysis of the value adding process of this paper is based on the constructs and elements indicated in Table 1. In addition, commerce in developing countries has grown significantly, turning them into representative commercial partners in the world economy (Samake & Yang, 2014). In this sense, Brazil has reached the status of 8th largest economy in the world (International Monetary Fund [IMF], 2015).

In this context, the research investigated the following question: How do buyer companies from an emerging economy perceive the value added to products and services offered by their suppliers? To answer this question, the study examined how buyer companies perceive the value added offered by their suppliers and the predominant value adding elements. The research method utilised was a multiple case study with a qualitative approach (De Massis & Kotlar, 2014; Eisenhardt, 1989). This research method typically provides a stronger basis for theory building or explanation and enables comparisons that clarify emergent findings (Hyett, Kenny, & Dickson-Swift, 2014). When multiple case studies are chosen, the findings provide information with a greater amount of details, but at the same time they can provide a lesser degree of depth (De Massis & Kotlar, 2014). The case selection procedure should consider their ability to clarify the research question (Hyett et al., 2014). Based on this, this research work was conducted by means of a transversal study concentrating on twelve companies of different
sizes from three distinct industrial segments (metal-mechanics, foods and furniture) to identify similarities or contrasting data.

Sample characterisation

The cases were selected through the judgment technique according to the convenience and potential to contribute to the study (Endacott & Botti, 2007). Additionally, the criteria utilised to select companies were the industrial segment, the core business of companies, the range of products offered and their role in the regional market. The sample was made up of four companies of the metal-mechanics industry, four of the food industry and four of the furniture industry with medium and large companies according the criteria proposed by the U.S. Small Business Administration (SBA, 2013), with the company headcounts used for reference. The industries were selected according the regional competences of southern Brazil and the Table 2 shows the characterisation of the studied companies, based on data supplied by the companies.

Table 2

Characterisation of the Companies

<table>
<thead>
<tr>
<th>Case</th>
<th>Importance in the Market</th>
<th>Segment</th>
<th>Headcount</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>M1</td>
<td>Covers approximately 90% of the Brazilian market for aluminum doors and high-end glass.</td>
<td>Metal-mechanics</td>
<td>200</td>
<td>Medium</td>
</tr>
<tr>
<td>M2</td>
<td>Supplies the Brazilian market, South and Central America. Manufactures flexible couplings, reducers and gear motor reducers.</td>
<td>Metal-mechanics</td>
<td>200</td>
<td>Medium</td>
</tr>
<tr>
<td>M3</td>
<td>Has over 30 years’ experience in the market supplying metal and plastic handles to large furniture manufacturers.</td>
<td>Metal-mechanics</td>
<td>400</td>
<td>Medium</td>
</tr>
<tr>
<td>M4</td>
<td>Has approximately 23% of the domestic market for electric motors and export sales to Latin American countries, Europe, Africa and Asia.</td>
<td>Metal-mechanics</td>
<td>Over 2,000</td>
<td>Large</td>
</tr>
<tr>
<td>F1</td>
<td>With 90 years of existence, F1 covers approximately 13% of the southern Brazil market for soft drinks &amp; beverages.</td>
<td>Foods</td>
<td>900</td>
<td>Large</td>
</tr>
<tr>
<td>F2</td>
<td>The company manufactures pasta, pastry and frozen food. 120 years in the domestic market.</td>
<td>Foods</td>
<td>500</td>
<td>Large</td>
</tr>
<tr>
<td>F3</td>
<td>With 120 years of existence, F3 is the market leader in southern Brazil. The line of processed foods includes sausages, ham and condiments.</td>
<td>Foods</td>
<td>510</td>
<td>Large</td>
</tr>
<tr>
<td>F4</td>
<td>Has over 35 years in the Brazilian market producing, distributing and selling soft drinks, beers and mineral water.</td>
<td>Foods</td>
<td>872</td>
<td>Large</td>
</tr>
<tr>
<td>G1</td>
<td>Has 60 years of tradition, high quality and the latest technology for manufacturing furniture in Brazil.</td>
<td>Furniture</td>
<td>588</td>
<td>Large</td>
</tr>
<tr>
<td>G2</td>
<td>Makes high end furniture and is regarded by the competition as a differentiated company in terms of product range and sale system.</td>
<td>Furniture</td>
<td>308</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Continues
Table 2 (continued)

<table>
<thead>
<tr>
<th>Case</th>
<th>Importance in the Market</th>
<th>Segment</th>
<th>Headcount</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>G3</td>
<td>Sells furniture to the United States, Europe, Arab Emirates, Africa and the Americas with 220 authorised points of sale in Brazil.</td>
<td>Furniture</td>
<td>800</td>
<td>Large</td>
</tr>
<tr>
<td>G4</td>
<td>With over 70 years of experience, G4 has 200+ authorised points of sale in the country selling planned furniture for homes, business and hotels.</td>
<td>Furniture</td>
<td>650</td>
<td>Large</td>
</tr>
</tbody>
</table>

Data collection

In-depth interviews were conducted to collect data, utilising a semi-structured set of questions for each construct presented in Table 1. In-depth interviews are suitable for collecting data regarding emerging themes in areas where the research does not yet have an extensive database (Easterby-Smith & Lyles, 2003). The key-informant methodology (Lai, Bao, & Li, 2008) was utilised to conduct the interviews, and individuals with significant knowledge in the research were selected as respondents. The interviewees were managers or supervisors responsible for the purchasing department of each investigated company. For organisation purposes, the questions were grouped in construct blocs to contemplate the theoretical framework. Table 3 shows the semi-structured format of the questions utilised for the data collection.

Table 3

Data Collection Procedure

<table>
<thead>
<tr>
<th>Construct</th>
<th>Elements</th>
<th>Topics investigated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis and value creation</td>
<td>Strategy and life cycle</td>
<td>Identification of elements that are considered value adding in the eyes of the buyer.</td>
</tr>
<tr>
<td></td>
<td>Model for creation</td>
<td>Verication of how suppliers identify the value demands of buyer companies.</td>
</tr>
<tr>
<td></td>
<td>Technology/Innovation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Competitive aspects</td>
<td></td>
</tr>
<tr>
<td>Value delivery</td>
<td>Product (Functionality, quality, economy)</td>
<td>Analysis of the sourcing criteria.</td>
</tr>
<tr>
<td></td>
<td>Service</td>
<td>Verication that added services exist in supplier products and how they are regarded.</td>
</tr>
<tr>
<td></td>
<td>Supply chain</td>
<td>Evaluation of the factors influencing the decision to buy.</td>
</tr>
<tr>
<td></td>
<td>Purchasing channels</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Information &amp; Communication.</td>
<td></td>
</tr>
<tr>
<td>Value perception</td>
<td>Brand</td>
<td>Analysis of the aspects connected with the brand of acquired products.</td>
</tr>
<tr>
<td></td>
<td>Loyalty</td>
<td>Identification of variables affecting the degree of satisfaction with the supplier.</td>
</tr>
<tr>
<td></td>
<td>Perceived quality</td>
<td></td>
</tr>
<tr>
<td>Relationship</td>
<td>Personal (empathy)</td>
<td>Getting to understand the aspects that the companies consider when developing relationships with suppliers.</td>
</tr>
<tr>
<td></td>
<td>Trust</td>
<td>Verication of the criteria taken into account for the development of relationships and improvement of competitiveness.</td>
</tr>
<tr>
<td></td>
<td>Forms of relationship</td>
<td>Analysis of the elements or factors of cooperation between the suppliers and the buyer company.</td>
</tr>
<tr>
<td></td>
<td>Cooperation / partnership</td>
<td>Verification of the barriers that hinder the value adding process.</td>
</tr>
<tr>
<td></td>
<td>Knowledge</td>
<td></td>
</tr>
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<td></td>
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The data collection interviews were conducted in person using a semi-structured script and took an average of 50 minutes each. The dialogs were recorded and transcribed.

Data analysis

To better structure the research outcomes, the analyses were conducted on the perspective of each construct presented in findings (analysis and value creation, value delivery, value perception and relationship). To explore the set of data and extract the important characteristics regarding the value added, the field findings were cross-checked against the constructs and elements supported in the literature. This initial cross-check made it possible to organise the common elements of each industrial segment identified from the buyers’ standpoint. Following this, the information was placed in order in accordance with the constructs and the elements of Table 3.

The predominance of each value adding elements are shown in Figure 1 and the aspects identified in the interviewees’ responses are discussed in Section Discussion. The elements evidenced by the interviewees and that had incidence or re-incidence of the aspects were considered in the field findings based on the collected information.

Research limitations

The research solely considered the viewpoint of the managers of the purchasing departments of the companies investigated. The influence of other users of the products and services along the supply chain and the perception of other buyers were not included in this study and thus remain as opportunities for future research. The research considered four companies from each industrial segment located in southern Brazil. Therefore, the outcomes and evidence observed cannot be generalised to other regions of Brazil due to the cultural diversity and geographical extension of the country, nor can the results be generalised to other countries or industries. Furthermore, this study is not intended to focus on the purchasing processes, considering the influence of social networks, the integration of technologies, information systems, and supply chain. The focus of this paper is on understanding how the buyers perceive value added to the products and services offered by their suppliers.

Field Study Findings

Findings related to construct 1: analysis and value creation

Companies in the metal-mechanics industry have pointed out that, strategically speaking, it is important that the suppliers conduct research to identify what adds value more effectively. They have mentioned that research is little used and underexplored. Generally, the value proposals are still based mainly on market definitions and on occurrence, and do not focus on meeting the real needs of the customers. The companies in this segment indicate that for them it is important that the suppliers utilise policies to identify what adds value as a model for value creation and observe the development of technologies and innovations to achieve better quality and cost reduction. The supplier needs to be more competitive in the development of products and make timely deliveries to enhance competitiveness.

To the companies investigated in the food industry, it is important that the suppliers adopt a new model for the creation of value, a model that will promote the development of new products and services, and the adoption of technologies and development of innovations that will improve the quality of raw materials and cut down on costs. This aspect was mentioned by the companies in the metal-mechanics industry as well. In terms of competitive aspects, the companies have responded that the time is ripe for suppliers to be more involved in the development of products as a way to create value.
To sum it up, the companies investigated in the furniture industry indicate that the model adopted for value creation by the suppliers needs to make more headway towards identifying what really adds value to the buyer. It is also necessary that the suppliers become more involved with the development of new products and services. This is reinforced by the competitive aspects. The companies investigated highly regard the involvement of the suppliers in the development of new products and delivery performance; *i.e.*, zealously timely deliveries.

**Findings related to construct 2: value delivery**

The companies that participated in the metal-mechanics industry survey indicated that for the element product, it is predominant that the suppliers consider the delivery of raw materials, products, and services with quality and reliability and value the fulfilment of technical specifications according to the requirements. In terms of the element service, the same companies value the logistics, the supplier’s availability for technical assistance and the replacement of parts. The findings indicate that, to improve the supply chain, the development of partnerships with suppliers and the fulfilment of delivery times with the highest degree of reliability for the deliveries are highly valued. A better control of inventories by the supplier and the use of integrated information systems have also been identified as important aspects for consideration. For the purchase channels, it has been perceived that the companies researched in the metal-mechanics segment appreciate the good utilization of email and negotiations by telephone, whereas the predominance of supplier visits has not been observed as a preferred channel for value adding. Additionally, for the information and communication element, the companies value the sharing of information for the development of products and engineering technical specifications.

Regarding the companies belonging to the food industry, it has been noted that they value the quality and the reliability of products, a predominant characteristic. In terms of service, they value the qualified technical assistance and the replacement of parts. They consider the supply chain, the reliability of deliveries and the correct control of stocks by the supplier to be relevant. As purchase channels, it is very important that the negotiations be carried out by email and by telephone. It was stressed that with regard to the information and communication, a constant exchange of technical engineering information is also very important to the development of businesses.

The companies researched in the furniture industry indicated that quality and reliability are extremely valued for the acquisition of products. Only one company considers the delivery of innovative products as a priority. The companies are more concerned with meeting technical specifications and the functionality of products. In terms of services, the companies in this segment hold in higher esteem the supplier’s concern with providing qualified technical assistance and ensuring the replacement of parts more than spending massively on logistics and supplier’s availability. Likewise, the buyer companies in this segment appreciate it when the supplier focuses the supply chain on the fulfilment of delivery times and reliability through a more effective use of integrated information systems. For the delivery of value, the companies in this segment indicated that the hold in high esteem supplier’s calls and trade fairs as opportunities to buy. The exchange of engineering information and technical specifications, as well as the exchange of information about products considered to be strategic, have been pointed out as aspects to be considered in the exchange of information and communication.

**Findings related to construct 3: value perception**

The companies belonging to the metal-mechanics and furniture segments pointed out that the brand is a factor that exerts influence on the decision to buy, and must be valued by the suppliers since it represents a quality factor. To the companies in the metal-mechanics segment, loyalty was not pointed out as a predominant requirement to value adding, but the quality perceived by buyers reveals that the existence of a supplier’s record of no problems, and concern with honesty and integrity in business, are aspects to be considered. To the furniture companies, it is important that suppliers go out of their way to give a personalized service, while at the same time doing their best to improve their processes, products and services in order to lessen the occurrence of problems.
The companies studied in the food industry revealed that the brand is regarded as synonymous with quality. They hold in high esteem the supplier’s loyalty with regard to business and in the supply of products and services.

**Findings related to construct 4: relationship**

Personal aspects are highly valued by the companies studied in the metal-mechanics segment. Such companies consider the supplier’s integrity in relation to the business transactions and the empathy of the employees of the supplier companies important. They also point out that trust is a factor to be valued in relationships and that the length of the relationship with the supplier must be considered, in addition to the fulfilment of delivery times, and their commitment. Based on trust, the companies consider the technical visits very important to the joint development of the supplier and the buyer, as well as long-term partnerships and the facility of communication with the supplier to give and receive technical information. Additionally, cooperation and partnerships are highly valued both by the companies in the metal-mechanics segment and by the companies in the furniture industry as well, and they hold in high esteem the mutual cooperation of the supplier and the buyer. Knowledge presented itself as an element valued by the companies in the three industry segments, particularly the supplier’s technical knowledge with reference to the supply of products, services, and raw materials. The cultural aspects are noticeably present in the vision of the companies investigated from the metal-mechanics industry segment; they value the supplier’s regionality and the alignment of the supplier’s culture with the buyer’s.

Overall, the companies in the food industry consider the following things important: technical visits, joint development, relationship length, and concern with the fulfilment of delivery dates as a means to leverage trust. Likewise, knowledge was mentioned as a significant requirement and was closely related to the technical understanding of products offered by the supplier. To the companies belonging to the furniture industry, the supplier’s regionality was suggested by two companies as a cultural factor that is worthy of evaluation by the supplier as a requirement to more effective development of relationships.

Some barriers were perceived and noticed by the companies in the three industrial segments. Such barriers basically relate to the difficulty of establishing mutual cooperation and partnering between supplier and buyer, the lack of knowledge and technical refinement, unfavorable geographical location, and the difficulty that suppliers experience as they seek to align their organizational culture to better fulfill buyer companies’ interests.

**Discussion**

For the companies in the metal-mechanics industry, we noted the value adding elements associated with strategy, product, supply chain, purchasing channels, confidence, competitive aspects and partnerships are very predominant. In addition, the aspects associated with technology/innovation, services, information/communication, brand, knowledge and cultural aspects are predominant. The aspects that have low predominance are the model for value creation, loyalty, quality perceived and personal aspects, which regards how suppliers’ frontline employees conduct negotiations and sales processes.

The companies investigated in the food industry noted the elements associated with the model for value creation, product, services, purchasing channels and knowledge are highly regarded. Competitive aspects, information & communication, and knowledge are relevant to adding value. Aspects associated with strategy, technology/innovation, supply chain, brand, loyalty, quality perceived, personal aspects, cooperation and cultural aspects are less important.
For the companies in the furniture industry, the value adding elements associated with the model for value creation, supply chain, purchasing channels and brand are very predominant. The competitive aspects, the aspects associated with the product, the services added by the suppliers, the information and communication utilised, cooperation and knowledge are predominant. However, the elements associated with the strategy adopted by suppliers to add value, the use of the latest manufacturing technologies and innovation in the development of new materials are only slightly important. Loyalty, perceived quality, personal aspects and cultural aspects regarding suppliers are items that the buyers consider only minimally as opportunities to add value.

Some particular aspects can be highlighted by the companies investigated which were not observed in the previous study proposed by Ulaga and Eggert (2006). These authors suggest that delivery performance is important to add value, but their findings do not corroborate that reliability and a better compliance with the technical & engineering specifications according to the buyers' requirements are factors that can further leverage the business, as was observed by the companies in the metal-mechanics segment. On the other hand, this research observed that support services, personal aspects and supplier's know-how are factors that benefit the relationships and competitiveness of the companies.

To sum it up, Wagner, Eggert and Lindemann (2010) observe that for the delivery of value the exchange of information between the supplier/buyer is important, but it must be stressed that the companies analysed in the three industrial segments indicated that besides the constant exchange of information, it is important to value any engineering information that is shared and the technical data about the products purchased from the suppliers.

Figure 1 shows the predominance of the value adding elements from the perspective of the buyer companies investigated by construct. The aspects identified were categorized by industry and may constitute opportunities for the suppliers to add value to improve the business competitiveness in the B2B context.

**Figure 1.** Predominant Elements Identified by Companies Investigated in Each Industry

Source: the authors.
In both extending the contribution and corroborating the studies of Lindgreen et al. (2012), Haas et al. (2012) and Corsaro and Snehota (2010), analysis of the field findings regarding the researched companies led to the identification of the elements that are valued the most, and that, perhaps, are not being valued or perceived by the suppliers as opportunities to guide the managerial efforts to add value. That the value added elements are perceived in different ways by the industrial segments analysed is noteworthy according to the companies.

The metal-mechanics companies present a more demanding profile in terms of value added constructs, mainly with regard to the elements associated with the analysis and creation of value, delivery and the development of relationships. The companies in this segment indicated a greater predominance of barriers to the establishment of relationships with the suppliers, a greater concern with the partnerships. Additionally, they stressed the importance of mutual confidence in the relationships as a means to make the relationships more transparent; they also stressed the need to establish more honest, long-lasting agreements. In the food industry and furniture industry segments, the companies are less demanding with regard to the value added constructs.

The food industry proved less demanding, mainly with regard to the value delivery and value perception constructs. The investigation showed that, in the companies of this sector, a noticeable barrier to the development of relationships is the slight predominant interest of the suppliers in establishing partnerships and cooperation because their focus is on lower cost transactions and a larger number of standardised products.

The furniture industry proved less demanding with regard to the development of long lasting relationships and the strategies adopted by the suppliers to identify the requirements for the development of new materials and aspects to generate additional value from the raw materials in the products and in their services. However, for the companies in this segment, the existence of barriers associated with the difficulty of partnering with other companies is predominant; this is an opportunity that may indicate the suppliers could work harder in their attempt to reduce operating costs and create ways to facilitate the relationships.

Despite the peculiarities identified in each industrial segment analysed, the study shows that, in most of the companies studied, for the construct analysis and creation, the competitive aspects developed by the suppliers present as predominant elements. For delivery, elements such as purchasing channels, products, additional services and information and communication are predominant; for the development of relationships, confidence is a predominant element that the companies regard as a means suppliers can utilise to add value in the course of business negotiations.

As a form of contribution, the elements that are most valued, according to the buyer companies, may contribute to the development of measures that will create more value added to their products, raw materials and services; in addition, these valued elements will develop relationships in a B2B context, if their suppliers put in the necessary effort to develop them. In the opinion of buyers, those elements may contribute to the establishment of partnerships and long-term relationships between the companies. The metal-mechanics companies indicated that they expect their suppliers provide higher requirements in terms of value added as compared with the other companies. Such an occurrence may be related to the fact that these companies require a larger set of value added attributes from their suppliers.

The characteristics that were identified indicate that a better utilization of the purchasing channels by the suppliers and a more effective exchange of information and engineering technical specifications are important vectors to adding value; the influence of the brand in the buyers’ perception and the existing barriers to the relationships are aspects to be observed as well. Those specificities were not confirmed in previous studies suggested by Lindgreen et al. (2012) and Ulaga and Eggert (2006). This could indicate that supplier companies need to refine their management to cover those elements more effectively, and corroborates with Cassia and Magno (2015) with regard to the companies directing their efforts to achieving a higher addition of value in a B2B context.
Conclusions

This study presents an additional contribution to previous research on how buyer companies perceive the value added to raw materials, equipment and services offered by their suppliers.

Based on the data collected from significant industrial companies located in southern Brazil, the elements that are value added and perceived as such by the buyer companies were analysed in relation to requisites for greater value addition in a context of B2B relationships.

It was possible to observe that the analysis and creation of value, the delivery and the development of relationships are more frequently present and valued by the companies in the metal-mechanics industry. In contrast, the companies in the food and furniture industrial segment value the aspects related to the analysis of value, creation and delivery of value more. These industries focus more on efficient purchasing channels. In addition, focus on the clients’ needs and opportunities to add value to their products and services have been used to leverage competitiveness.

The existence of barriers that the companies investigated in the three industrial segments has highlighted a need for the supplier companies to invest more effectively in tools to identify clients’ needs and manage the value adding process during the relationships. Such findings do not allow for generalisation, as they present the perception of the companies investigated regarding the predominant value added elements valued by these companies. As managerial implications, the addition of value to products and services is regarded as an opportunity to improve companies’ competitiveness and as representing a market gain. In theoretical terms, this study contributes with some aspects that were observed in previous studies, and could guide the adoption of managerial actions by the supplier companies focused on adding value.

Future studies can be conducted to correlate the influence of each element studied in the value adding process. Such studies may be organised with a quantitative focus and in a larger number of companies to gather a more significant amount of data. These studies could also help to better understand how the mutual cooperation and partnership between customers and suppliers can serve as a strategic means to strengthen the addition of value in the business relationships and in the negotiation of services.

References


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